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MARKETING DIVISION

MARKETING ACTIVITIES

Alberta
TOURISM

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MARKETING DIVISION

MARKETING ACTIVITIES BOOK

1991-92

Alberta Tourism
Marketing Planning Branch
March 1991

A D D E N D U M

1991-92 MARKETING DIVISION MARKETING ACTIVITIES BOOK

Page 15

The figures provided on page 15, paragraph four indicate only those Albertans travelling as a result of the Take An Alberta Break campaign, not all trips taken by Albertans within the province.

From 1987 to 1988, the total number of trips taken by Albertans within the province increased from 9,264,100 to 9,634,656. In 1988 this resulted in $1.17 billion in incremental expenditures into the Alberta economy by Albertans. The total number of trips taken by Albertans within the province in 1989 increased to 9,644,300 resulting in $1.24 billion in expenditures. In 1990, however, the number of person trips of one or more nights by residents was expected to decline by 0.8%. The forecast of total number of trips taken for 1991 will remain static.

Source: Alberta Tourism, Statistics Canada.

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Comments regarding the 1991-92 Marketing Activities Book and Calendar would be appreciated. Please forward comments to:

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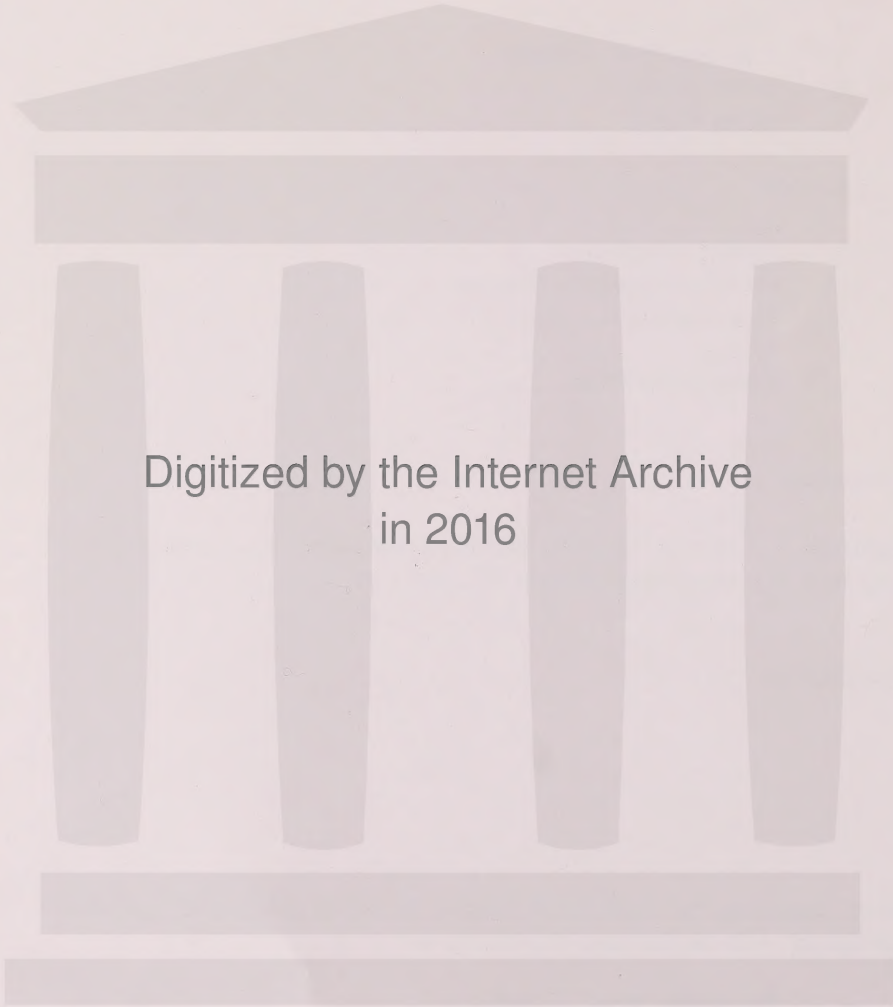
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I. INTRODUCTION

The Marketing Division of Alberta Tourism is pleased to provide you with an assessment of the markets of importance to tourism in Alberta and a summary of the Division's activities for the upcoming year.

The purposes of the Marketing Activities Book and Calendar are:

1. to communicate the Division's marketing activities to the tourism industry of Alberta for the period April 1, 1991 to March 31, 1992, indicating where there is opportunity for industry participation;

2. to provide a summary of information and market intelligence by geographic market, and the opportunities for Alberta in these marketplaces; and

3. to highlight recent primary market research conducted by Alberta Tourism and selected studies of interest completed by other agencies.

While the market analysis section highlights the market characteristics and opportunities, the calendar indicates the time and place of individual activities.

A. GOALS

To take a marketing leadership role within the tourism industry by providing coordinated provincial strategic direction.

To strategically position the Alberta tourism industry and its products in the marketplace to optimize economic yield.

B. OBJECTIVES

Develop and maintain marketing programs and initiatives that will:

- achieve better utilization of existing products;
- increase market share;
- encourage geographic distribution of tourism revenue; and

- reflect the sensitivity and appeal of Alberta's natural, social and cultural environments.

Encourage more effective communication and integrated marketing activity with the tourism industry.

Improve return on marketing investment through cooperative marketing endeavors.

C. RATIONALE

The goals and objectives of the Marketing Division reflect the direction expressed in the corporate mission and business and goal statements of Alberta Tourism. Through these efforts, the Division will ensure industry and tourism generators are positioned in the marketplace to maximize the product-market match. A coordinated approach recognizes the unique role of the various tourism marketing organizations in the province and will focus the diverse interests and activities of Alberta Tourism and the industry to realize optimal short-term and long-term economic yield. However, any economic yield realized through the Marketing Division's efforts will take into account the sustainability of Alberta's natural, social and cultural environments. Alberta Tourism's marketing activities focus primarily on national and international markets which exhibit potential to generate new and repeat visitors. The responsibility for local and regional marketing rests primarily with the destination marketing organizations and the tourism industry.

II. MARKET RESEARCH STUDIES

The research studies summarized in this section may be of interest to you and your business. While the study documentation may not be available in its entirety, Department staff will be pleased to provide a summary or answer your inquiries as completely as possible.

A. STUDIES COMPLETED BY ALBERTA TOURISM

Texas Market Potential Study (November, 1990)

The Texas Market Potential Study collected information to determine the size of the Texas travel market to Alberta, the types and frequency of vacations taken by Texas residents, the kinds of vacation experiences they desire and the best methods to reach those who might potentially visit Alberta.

California Market Potential Study (April, 1990)

The California Market Potential Study collected information on awareness of Alberta as a vacation destination among California residents, where they travel on vacations and what features are important when selecting a vacation destination.

Alberta Non-Skier Market Study (May, 1990)

This study of the skier potential from the Alberta non-skier market collected information to determine the potential among non-skiers, lapsed skiers and hardly-ever skiers. The report profiles actual and potential skiers to identify the actions required to maximize non-skier conversions.

1990 Alberta Non-Resident Travel Exit Survey

Conducted between January 1, 1990 and December 31, 1990, this survey monitors non-resident visitors to Alberta. Information gathered will detail visitation levels, demand characteristics, traveller characteristics, trip activities, travel route, as well as travellers attitudes, images and experiences. Final reports for this study will be ready mid-1991.

For more information contact Alberta Tourism, Strategic Planning Branch at 427-4322.

Alberta Meetings Market Growth Potential Study (November 1990)

This study reviewed the current situation of the meetings market and determined the growth potential and business opportunities for Alberta. The meetings market includes association meetings, corporate meetings and incentive travel, consumer and trade shows.

For further information contact Alberta Tourism, Marketing Planning Branch at 422-0320.

B. STUDIES COMPLETED BY OTHER AGENCIES

Capturing the Getaway Market (September 1990)

This study, prepared by The Canadian Tourism Research Institute, offers insight into the growing "getaway" segment of the travel market. Based on a national sample of 1,700 Canadians in March 1990, the study profiles the getaway travel market in order to identify specific procedures that will assist in competing effectively in this growing market.

Compensation Planning Outlook for 1991 - Tourism and Hospitality Industry (November, 1990)

In August 1990, The Canadian Tourism Research Institute conducted a survey on accommodation, food/services, ski operations and travel services across Canada. The objective was to provide information to assist tourism executives in preparing their annual human resource plans and strategies.

For further information contact the Alberta Tourism Library at 427-3299.

III. TRENDS IN THE TOURISM INDUSTRY

A. ECONOMIC TRENDS

* The world is moving toward a global economy; multinational corporations are being replaced by global corporations that design, manage, produce and sell in a unified worldwide market.

* The Canadian economy is in a recession with significant recovery anticipated in the summer of 1991 at the earliest. Experts' forecasts do vary in degree and duration. Long-range forecasts expect renewed growth in 1994.

* The economies of the western provinces of Canada are expected to perform better than the national average in 1991.

* The Goods and Services Tax will affect consumer spending on discretionary expenditures such as travel, dining out, etc.

* The tourism industry in North America is expected to benefit significantly from increased foreign investment.

* The U.S. dollar is weak compared to other world currencies such as the German mark, Japanese yen, Canadian dollar, British pound and French franc. This could stimulate in-bound international travel to United States at the expense of Canada.

* The economies of the Pacific Northwest (Oregon/Washington) and California are expected to continue to experience growth but at a decreased rate. Comparatively, the rest of the United States is experiencing negative growth. Recovery from the recession is anticipated in late 1991 or 1992.

* As economic growth spreads throughout the Asia Pacific, wage increases are creating millions of consumers. Wage gains of approximately 15% per year during the next several years are anticipated for South Korea, Taiwan, Thailand, Malaysia, Indonesia and Singapore.

* Europe is expected to flourish under the open trading environment scheduled for 1992. An additional two percent growth in GNP of the twelve-member states is expected as a direct result of the new agreement. Costs, particularly transportation, should come down while larger production runs will mean savings through economies of scale.

B. POLITICAL/INSTITUTIONAL TRENDS

* Political events and the economic world are becoming increasingly interconnected, where events in one realm have pronounced effects in the other.

* The world is currently in a state of flux and uncertainty. As we enter the 1990's it is important to remain flexible and adaptable.

* With improved technology and telecommunications, economic communities are closely tied together creating the perception of a shrinking world.

* As the movement of goods and services across national borders becomes easier, trade wars and protectionism will become important foreign policy issues in the future. Countries will try to maximize the sale of their goods while restricting the import of foreign products.

* Canada and the United States have entered into talks with Mexico, exploring the possibility of Mexico entering into a trilateral Free Trade Agreement.

C. ENVIRONMENTAL TRENDS

* Interest in "green tourism" or "eco-tourism" is growing with travellers seeking unpolluted, natural environments.

* Sound environmental management has become an area of major public concern and government policy action. Future tourism developments in Alberta will have to recognize and adequately respond to increasing environmental scrutiny.

D. SOCIETAL TRENDS

* The baby boomers are entering their years of peak earning potential, and their sheer numbers make them a major market in the tourism industry.

* The trend toward dual income families is reducing available leisure time. Short holidays (3-5 days) based around business travel and weekends are becoming popular.

* There will be renewed interest in family-oriented activities in the next decade, as baby boomers continue to have families and become more interested in family and home life.

* There is an emphasis on an improved quality of life; increasingly, interest in self-development will influence vacation choices.

* As the population ages, concern about healthy lifestyles (e.g., the alleviation of stress, the effects of aging) will become a major component of vacations. Establishments providing fitness-oriented facilities or activities will attract increasing numbers of tourists.

* Technological advances in medicine, recreation equipment, constructed environments, natural sciences, transportation and information will make travel accessible to more people, and more responsive to their needs.

* Among the growing number of mature adults, there is a dichotomy between those who retire early and those who continue to work beyond age 65, either full-time, part-time or flex-time.

* Within the United States, there is a migration of people from the states in the north and east to the Sunbelt states in the south and west.

E. TRANSPORTATION TRENDS

* The aviation industry is key to the success of international tourism. Globally, passenger air traffic is expected to double by the year 2000 and triple by the year 2010, with an average growth rate of 7% annually over the next decade.

* A leading trend in the tourism/air transportation industries is the extensive use of Computer Reservation Systems. Future innovations (intermodal connections, accommodations and attractions) will enable the consumer to coordinate and book entire travel packages at one time.

* Alberta's excellent highway network along with the strategic location of major attractions/services and U.S. oriented travel information centres will continue to support the stimulation, dispersion and retention of highway traffic from the major U.S. touring market.

F. HUMAN RESOURCE TRENDS

* Human resources is a critical element in the total tourism experience; forecast increases in tourist traffic will result in corresponding increases in demand for human resources in all sectors of the tourism industry.

* As tourism becomes more globally competitive, tourism employees will have to compete at an international standard. Consideration of additional benefits will need to be given to encourage careers in the industry.

G. IMPLICATIONS FOR TOURISM IN ALBERTA

* The recession in Canada is severe in two of Alberta's major domestic markets - Ontario and Saskatchewan. Declines in visitation are expected in 1991 from these two markets. B.C. will also be impacted by the recession and little, if any, growth is expected from that province.

* Many Canadians are expected to vacation in the United States in 1991 to avoid paying the Goods and Services Tax (G.S.T.), higher Canadian gasoline costs and to take advantage of the strong Canadian dollar. This will negatively impact travel-related expenditures in Alberta. It is possible that personal travel safety will counteract this trend.

* Although prospects for domestic travel are poor in 1991, it appears that the Canadian economy will recover in 1992 and further in 1993, with leisure and business travel to Alberta also improving during that period. Thus the recession and downturn in domestic travel is not expected to be prolonged.

* The G.S.T., higher Canadian gasoline costs, strong Canadian dollar and the U.S. recession will influence the number of Americans travelling to Alberta in 1991. Most U.S. visitors are expected to come from California and the Pacific Northwest.

* The economic slowdown of the United Kingdom and Germany's preoccupation with reunification is expected to result in little or no growth from these markets for the next two years.

* Compared to the United States, Canada and Alberta may be preferable destinations for international travellers when personal safety is priorized with the threat of terrorism.

* As the world becomes closer through international events and technology, Alberta will need to plan and operate in global terms. Becoming globally competitive and seeking out opportunities will enable Alberta to maximize its advantages.

* Experience-oriented, adventure-oriented and family-oriented travel are expected to show growth.

* Travel planners and consumers will take advantage of frequent flyer programs and discounted accommodations to better utilize business/pleasure travel.

* As technological advances stimulate tourism demand, the travel industry needs to remember that vacationers who wish to" get away" from their daily routine are in fact escaping the stress created by that everyday technology.

* Air travel will maximize the amount of leisure time available, particularly to those struggling to coordinate conflicting schedules. Some travellers will take briefer more frequent vacations while others will save for long-haul trips.

* Air capacity to Asia Pacific and Europe remains constrained. Greater access to the United States, Asia Pacific and Europe holds opportunities for Alberta. The benefits of new and additional service arrangements should be strongly communicated to the air carriers involved.

* The motorcoach industry will need to adjust its product to accommodate more independent and active consumers.

* To enhance professionalism in the tourism industry of Alberta, employers will have to provide appealing compensation plans, incentive packages, superior training and adjust their recruitment strategy to seek potential "career" employees from conventional and non-conventional areas.

* Alberta meetings convention and incentive travel business has remained stable, however awareness is increasing. Hotels are becoming increasingly price competitive. This trend is anticipated to continue in coming years due to the recession and the impact of the G.S.T. Budget conscious destinations in Alberta will be at advantage.

IV. MARKET ANALYSIS

A. ALBERTA TOURISM MARKETS

The Marketing Division and Alberta Tourism gathers market information and intelligence by geographic market. The markets that Alberta Tourism has currently identified are:

CANADA:

Regional: Alberta, Saskatchewan, British Columbia
Primary: Ontario

UNITED STATES:

Regional: Montana
Primary: California, Pacific Northwest (Washington/Oregon)
Vertical: Washington D.C., Chicago, Minneapolis, New York
Growth: Texas, Florida

PACIFIC RIM:

Primary: Japan
Growth: Australia/New Zealand, South Korea, Hong Kong

EUROPE:

Primary: United Kingdom, German-Speaking Europe
Growth: Netherlands, France

B. ALBERTA TOURISM 1991 FORECAST

The following forecast for tourism in Alberta is based on a variety of government and private sector sources as well as forecasts by overseas organizations. It should be noted that this forecast was prepared prior to the outbreak of war in the Persian Gulf. As a result of the war, there are indications that this forecast may have to be revised downwards for all markets except Alberta.

1991 Alberta Tourism Forecast

Residents of:	No.of 1+ Night Person-Trips	% Change from 1990	Tourist Expenditures	% Change from 1990 (real $)
Alberta	9,701,800	+1	$1,373,275,000	No change
Other Canada	2,417,000	-3	$ 707,899,000	-4
United States	1,054,000	+2	$ 420,550,000	+2
Overseas	428,600	+1	$ 225,500,000	+1.5
TOTAL	13,601,400	No Change	$2,727,224,000	-1.0

Source: Non-published Statistics Canada

The total number of one-or-more-night person-trips taken in Alberta in 1991 is forecast to remain consistent with 1990 at 13.6 million. Total tourism receipts are expected to decline 1% (in real $) and reach $2.73 billion in 1991.

C. ALBERTA'S TOP TEN FOREIGN MARKETS (1989)

ORIGIN	Number of visitors (one or more nights)	% of Total Foreign Visitation for one or more nights	Average Length of stay (in nights)	Total Expenditure of all Visitors ($ million)	% of Total Foreign Expenditure of All Visitors
United States	1,002,900	70.7	4.3	359.8	64.2
Pacific Rim					
Japan	91,200	6.4	3.6	46.8	8.4
Australia	29,900	2.1	6.5	12.8	2.3
Hong Kong	15,000	1.1	10.6	8.4	1.5
New Zealand	10,800	0.8	6.8	4.2	0.8
Europe					
United Kingdom	99,800	7.0	9.4	42.5	7.6
West Germany	47,700	3.4	8.7	22.2	4.0
The Netherlands	14,800	1.0	11.1	6.7	1.2
France	13,100	0.9	7.2	5.2	0.9
Switzerland	13,700	1.0	8.0	7.3	1.3
TOTAL FOREIGN VISITATION (includes countries not shown)	1,418,900			559.6	

Source: Non-published, Statistics Canada 66-201.

Note: Figures are rounded off. Statistics Canada figures used throughout the document are conservative.

D. CANADA

HIGHLIGHTS

* Since 1986, growth in domestic pleasure travel has slowed dramatically in comparison with pleasure travel outside of the country.

* Domestic pleasure travel was essentially flat in 1990 with the western provinces showing marginal gains.

* In 1991, domestic pleasure trips by Canadians within Canada will decline by 1% over 1990. This decline is due, in part, to the poor performance of the Canadian economy, especially in Ontario, and implementation of the Goods and Services Tax.

* Canadians will continue to travel to the United States and other sun spot destinations for their winter vacation, making it increasingly difficult for Canadian resort operators to hold onto their Canadian winter markets.

* Many provinces are initiating marketing programs specifically to encourage their residents to travel in-province.

* The number of one-or-more-night person-trips to Alberta by residents of other Canadian provinces is expected to decline approximately 3% in 1991 to 2,417,000 person-trips, while expenditures are forecast to be $707.899 million, representing a real decline of 4% from 1990. The decline is largely related to the poor economic forecast for Ontario, Saskatchewan, and British Columbia, which are Alberta's principal domestic markets.

* In 1989, resident travel in Alberta accounted for 70% of all person-trips staying one or more nights and 50% of total tourism expenditures in the province.

* Travel by Alberta residents in Alberta is expected to increase 1% in 1991 to 9,701,800 person-trips. Tourism expenditures in 1991 will not change (in real terms) from 1990 and are forecast to be $1.373 billion.

1. ALBERTA - REGIONAL MARKET

BACKGROUND

The economic growth of Alberta has slowed, with declines in the energy industry and other sectors. Alberta is expected to be in a stronger position than provinces to the east, despite Canada's troubles being compounded by recession elsewhere in the world. Travel within Canada may decline slightly with Albertans travelling closer to home on less expensive in-province vacations. Outbound travel to the U.S. may be positively affected by the GST; Albertans will travel to avoid it. The Middle East war and the threat of terrorism may negatively impact the number of Albertan air travellers to the United States.

The population of Alberta is projected to increase by 16.4% to 2.8 million by the year 2001. The number of Albertans in the 45-64 age group will increase the most, followed by the 64+ age group. The 20-44 age group will be substantially smaller by the year 2001.

Albertans average five trips per year. The ratio of in-province trips is 1.5 times that of out-of-province. Sixty-seven percent of the total number of trips taken are for one night or longer.

From 1987 to 1988, the total number of trips taken by Albertans within the province increased from 272,545 to 398,511. This was largely in response to the Take An Alberta Break campaign which, in 1988, resulted in $99.9 million in incremental expenditures into the Alberta economy from Albertans. However, in 1990, the number of one-plus person trips by residents was expected to decline by 0.4%.

The main attractions for Albertans include Banff, Jasper, the Royal Tyrrell Museum, Head-Smashed-In Buffalo Jump, and the Cypress Hills. Reasons for travel within the province include visiting friends and relatives, participation in sporting activities such as hiking and skiing, viewing natural beauty and wildlife, camping and just to get away.

The Rocky Mountain National Parks receive 59% of their party visits from Albertans and Albertans represent 41% of the expenditures made within the Parks. In 1988, there were 959,154 Albertan party visits to the National Parks. The parks are the main destination of 73.4% of all party visits. Albertans comprise the majority of the visitors to the Parks in the winter, mainly for skiing. Spring and fall visitation is less frequent.

Alberta residents are the most frequent visitors to Calgary and Edmonton (70% and 83% respectively). Chinook Country receives 65% of its visitation from Alberta. Forty-eight percent of Big Country's visitors are Albertans. In other areas of the province, visitation is primarily from Albertans, although in lesser numbers, as Albertans seem to have least knowledge of the north and east areas of the province. Business travel within the province reflects mainly resident travel, with the exception of conferences in Calgary, Edmonton, and Banff. Business travel accounts for 20% of all trips in Alberta.

The most recent campaign undertaken by Alberta Tourism in Alberta was the Take An Alberta Break promotion from 1986 to 1989. The campaign resulted in more travel within the province and a corresponding increase in average household expenditures and average per diem expenditures by Albertans. A review of the "Breaks" program indicated that promotions should become more product specific.

Subsequently the Team Tourism program, funded by Alberta Lotteries and delivered in association with the Tourism Industry Association of Alberta, was implemented. The program provides assistance to operators for their own marketing programs. During the first two years of the program, approximately $5 million in project funding was leveraged by the private sector to a total of $13.3 million. Initial tracking indicates that approximately 85% of these dollars are being spent in the provincial market. In most cases, this percentage of expenditure exceeds the demonstrated return in terms of percentage of resident travel compared to other markets.

Team Tourism data is presently being tracked to provide information on expenditures by product and by marketing activity. Generally, the products being promoted are: sightseeing, adventure products, festivals and events, attractions, sports activities, and conventions. In terms of marketing activities, operators' expenditures have been in the areas of advertising, literature, and trade and consumer shows.

COMPETITION

The major competitors for Alberta's resident market are the Pacific Northwest (U.S.), British Columbia, and Saskatchewan. Albertans are looking outside the province for something different, resorts, night life, and destinations that offer comprehensive programs for children.

Montana has been capitalizing on its proximity to Alberta, and has been participating in cooperative marketing programs with Chinook Country. Resort destinations in Montana and Idaho are featured in print and television advertising directed at the

Alberta market. The Pacific Northwest/California generally attracts 25% of total Albertans visiting the United States.

British Columbia, with its Partners in Tourism program, has focused on destination marketing. These marketing resources are, for the most part, directed outside of the province. B.C.'s resort destinations (both summer and winter) and ski areas compete directly with the Alberta product. In 1991, B.C. will launch Music '91, a province-wide multiple-event campaign to keep residents at home and attract out-of-province visitors. Expo '86 attracted 1.6 million Albertans. In 1988, 1.5 million Albertans visited British Columbia.

Saskatchewan, as a vacation destination, does not have a high profile in Alberta. However in 1988, Saskatchewan attracted a record 738,000 Albertans. They rely on direct mail advertising through enquiry tracking and target-specific magazine advertising.

TARGET MARKET SEGMENTS

Target market segments of importance for Alberta include:

1) Families

   The family market is represented by the 20-44 age group. Product offerings for families can be specialized in terms of (i) "family" experience; (ii) adults only, with child care provided; or (iii) adults only, with alternative programs for children.

2) Getaway Travellers

   The getaway traveller is a segment looking for shorter vacations, closer to home. The getaway traveller is 35-54 years of age, with a household income of $40,000 plus. This segment travels within a 200 mile radius by car.

3) Seniors

   The number of people retiring before age 65 has increased, creating a new market segment. There are three subgroups to this market: young-old (55-64 years), middle-old (65-74 years) and the older-old (75 plus years).

MARKET OPPORTUNITIES

Travelling close to home is a function of specific things to see or do, rather than a function of an awareness of a desirable destination. The north and east areas of the province have to concentrate on making their product better known to Albertans. Resort packages, guest ranch vacations, and historical, educational and cultural attractions have high marketing potential within the province.

Albertans are looking for getaway weekend trips that are convenient and reasonably priced. Affordable accommodation is a major factor as a component of the touring package. Itineraries should be well developed but flexible. Weekend packages designed for this group should incorporate an event or activity. There is also opportunity for increased visitation to well-serviced campgrounds and/or self contained resorts, particularly in the shoulder seasons.

Marketing done by operators within the province should be very timely and provide detailed trip planning information. Some of the elements that should be considered for future promotions within the province include product-specific ads/publications, well-developed packages, targeted literature distribution programs, and increased emphasis on television and radio where appropriate to the market. When evaluating return on investment, Alberta operators should analyze the present return from in-province marketing activities in relationship to the potential to expand into the regional markets in Canada and the Pacific Northwest/California.

MARKETING ACTIVITIES

The majority of Albertans make travel plans based on word-of-mouth information. Therefore the level of service/hospitality experienced becomes the benchmark for determining business success or failure.

Marketing activities within the Province are operator-driven, utilizing product specific information. Alberta operators are placing more emphasis on the concept of consortia activities, or cooperative marketing, particularly when marketing packaged products aimed at the family or getaway segments.

Literature, such as maps, accommodation guides, and campground guides are used extensively by Alberta consumers. Several zones have begun to develop regional events calendars.

Alberta Tourism assists operators in the formulation of their marketing activities with the Market Planning Skills Program. Participants include tourism-related businesses,

tourism zones, and communities. Alberta Tourism toll free lines continue to assist with pre-trip planning and literature distribution. Other activities in the Alberta market include individual press trips and public service announcements.

2. SASKATCHEWAN - REGIONAL MARKET

BACKGROUND

Saskatchewan's economy is expected to show no growth at all in 1991 because of poor international grain prices and the decrease in program payments to farmers. Net farm income for Saskatchewan farmers is expected to decline significantly, affecting the entire provincial economy. Consumer spending is expected to be sluggish, and unemployment is expected to rise in 1991 as the slowing economy results in reduced employment opportunities. Consequently, Saskatchewan's net out-migration is expected to increase in 1991. Saskatchewan continues to lose more people than any other province, and net out-migration is forecast at 10,000 for 1991.

Saskatchewan is a primary regional market for Alberta. In 1988 Saskatchewan residents made 722,000 person-trips to Alberta of one or more nights in duration. In the same year there were 55,233 party visits from Saskatchewan to the Rocky Mountain National Parks. Of these visits, 62% identified the parks as their main destination while 38% either stopped and/or passed through to other destinations. In the same year, approximately 15% were repeat visitors and expressed an interest in exploring new areas of Alberta. The trips were made primarily during the summer, then winter and spring. Saskatchewan residents take an average of 4.89 trips of at least one night duration.

Visitors to Alberta perceive the province as having many opportunities for a weekend getaway. Saskatchewan residents come to Alberta to vacation with family and friends, participate in numerous activities (recreational and other) and events as well as meet new people and learn new things.

COMPETITION

Competition for the Saskatchewan market comes from Saskatchewan (promoting in-province travel), British Columbia, Manitoba, Ontario, and the states of Minnesota, Wisconsin, Illinois, Iowa, Mississippi, North/South Dakota, Nebraska, Kansas, Michigan, Wyoming, and Colorado.

TARGET MARKET SEGMENTS

The 1988 Take An Alberta Break Monitor Study indicated that young couples and young families are the most likely to travel to and within Alberta. There is a direct

correlation between propensity to travel to Alberta and income.

Other market segments of interest include:

1) Getaway Travellers

The getaway traveller typically takes short vacations, usually weekends, to a destination accessible by car that is relatively close to his/her home. This traveller is 35-54 years of age with a household income of $40,000. When catering to this group, packages should be designed around weekends and should incorporate an event or activity.

2) City Travellers

The city traveller typically spends 4 days vacationing at the urban centre close to home. This segment generally travels by car. Visitors enjoy cultural activities, shopping, sightseeing, dining, nightlife, and excellent accommodation. Attractions of interest to city travellers include historic sites, museums, art galleries, science exhibits, zoos and spectator sports.

MARKET OPPORTUNITIES

There is opportunity to attract the getaway market, the city traveller, and the ski market from Saskatchewan. In addition, "add-on" vacations can be promoted to those visiting friends and relatives or travelling to the province for business purposes.

MARKETING ACTIVITIES

Alberta Tourism offers toll free 1-800 lines for pre-trip planning and provides travel literature upon request. Information is also available from the Alberta Tourism Travel Information Centres located along the Alberta/Saskatchewan border. There is some spill from the public service announcements run in Alberta.

Private operators and marketing consortia who have targeted regional markets also promote Alberta attractions and experiences in Saskatchewan.

3. BRITISH COLUMBIA - REGIONAL MARKET

BACKGROUND

The personal disposable income of British Columbia residents has risen above the Canadian average during recent years. The province's population has been steadily increasing since 1980 and is projected to do so until the year 2001. The economy of British Columbia is expected to be stagnant in 1991, with unemployment reaching approximately 9.2%. Exports from the province will be weak because of the major economic slowdown in the U.S. A decline in residential construction activity and weakening consumer spending will also weigh down the B.C. economy.

British Columbia is a primary source of inter-provincial travellers to Alberta. In 1988, B.C. residents made 904,000 person-trips to Alberta of one or more nights. Approximately 25% of all B.C. party visits to the Rocky Mountain National Parks cite the parks as their main destination. Visitors from British Columbia tend to be primarily middle income families from all age brackets. The main purpose of their travel to Alberta is to visit friends and relatives, to vacation and to conduct business. British Columbia visitors enjoy Alberta's shopping, local events and activities, ski resorts, and conference facilities. They are less positive about photographic opportunities, unspoiled natural beauty, the variety of scenery and wilderness adventures available - experiences similar to those available within British Columbia.

COMPETITION

Other countries and states competing for the British Columbia travel market include Washington, Oregon, California, Hawaii, Alaska, Europe, Australia/New Zealand as well as other Asia Pacific countries. British Columbia has initiated an in-province campaign for 1991 entitled Music '91. This province-wide, multiple-event campaign is designed to keep residents home, travelling throughout the province. The promotion will run predominantly from May to October.

MARKET OPPORTUNITIES

Alberta has the opportunity to target the getaway, business/pleasure and ski market segments. The key to successfully attracting British Columbia residents is the operator's ability to differentiate between Alberta and British Columbia products.

MARKETING ACTIVITIES

Alberta Tourism offers toll free 1-800 lines for pre-trip planning and provides travel literature upon request. British Columbia experiences advertising spill from the California and Pacific Northwest markets.

Private operators and marketing consortia who have targeted regional markets also promote Alberta attractions and experiences in British Columbia.

4. ONTARIO - PRIMARY MARKET

BACKGROUND

Like many parts of Canada, Ontario has experienced an economic slowdown during the past year. Growth in domestic tourism activity declined in 1990 and is expected to worsen in 1991. Ontarians have less discretionary income to spend on travel due in part to higher interest rates and a high level of consumer debt relative to income.

Residents of Ontario have a very high awareness of Alberta, particularly as a vacation destination. In 1988, Ontarians accounted for 50,482 party visits to the Rocky Mountain National Parks, 35% of which identified the parks as their main destination. The majority of travel was completed during the summer months, followed by fall then winter.

Alberta's predominant image among Ontario residents is of beautiful mountain scenery. Alberta is also perceived as offering challenging, quality outdoor/adventure activities, winter activities, sightseeing and touring, and a relaxing getaway vacation. Alberta is seen as non-urbanized and non- commercialized.

Ontario travellers come to Alberta to visit friends and relatives, for pleasure trips and for business combined with pleasure. The prime motivation includes activities such as touring/sightseeing, high adventure, soft adventure, and experiencing heritage and culture. These travellers aim to relax by escaping the daily routine of their lives as well as learning and experiencing something new and challenging. Comfort, security and value for money spent are also important factors.

COMPETITION

Alberta's competitors for the Ontario market include Quebec and other Canadian provinces, the eastern United States, Europe, the Caribbean, Central America, and Asia Pacific countries. Ontario can be expected to campaign heavily to keep its domestic market at home.

TARGET MARKET SEGMENTS

Alberta Tourism's target markets in Ontario are couples without dependent children with a household income of $40,000+, and families with children over 18 who have

a household income of $50,000+. These individuals are 25 to 54 years of age, have better than high school education and are mobile.

Urban residents have the highest propensity to travel to the United States and other Canadian destinations. The urban type is looking for a variety of activities at their vacation destination. These include shopping, historic parks/sites, zoos, museums, art galleries, nightlife and entertainment.

MARKET OPPORTUNITIES

Given the high awareness of Alberta as a vacation destination among Ontario residents, there is an opportunity to target specific segments of the market with product-specific information. In addition to appealing to the touring and ski markets, there is an opportunity for "add-on" pleasure trips to the visiting friends and relatives or business travel segments. Unique incentive packages may lure travellers from Ontario to Alberta, given the current economic conditions.

MARKETING ACTIVITIES

Residents of Ontario have access to Alberta Tourism's toll free 1-800 lines for pre-trip planning information and literature. Other areas of assistance are individual press trips and consumer publications. In 1990, Alberta Tourism undertook a direct mail campaign to selected Ontario households inviting them to visit Alberta. The evaluation of this campaign, currently underway, will influence decisions for future use of direct mail as a promotional medium for Alberta Tourism.

E. UNITED STATES

HIGHLIGHTS

* Little increase in vacation travel by Americans is expected.

* More Americans can be expected to vacation in the United States due in part to increased marketing efforts of the U.S. states, economic conditions and the threat of terrorism.

* There may be some opportunity for Canadian operators to increase market share at the expense of American European travel.

* Americans are taking more and shorter vacations (3 to 5 nights in length).

* In 1990 for the first time in three years, the ocean and beaches are Americans' favourite summer vacation destination. State and national parks rated last on the list of destinations.

* The Goods and Services Tax will make price competitiveness difficult. The tax will increase the underlying inflation rate by an additional 1.4% in 1991.

* The number of U.S. visitors staying at least one night in Alberta is expected to grow by 2% in 1991 to reach 1,054,000 person-trips. Tourism expenditures by U.S. visitors are forecast to be $420.55 million, representing a real growth of 2% over 1990.

* U.S. corporate, association and conventions market expenditures increased to US $43.7 billion from 1987 to 1989. The 1990 recession is expected to reverse this trend for the next two years. Growth is expected to return in 1992 or 1993.

1. MONTANA - REGIONAL MARKET

BACKGROUND

Montana is a regional market for Alberta. The state's economy is based on agriculture, natural resources and high technology. The per capita personal disposable income of Montana in 1988 was $11,264. The state population is

projected to decline from 808,000 to 794,000 between 1988 and 2010.

In 1988, there were 14,815 party visits from Montana to the Rocky Mountain National Parks. The majority of these visitors travelled to the Parks during the winter and summer months. A few travelled during the spring. Residents of Montana have a high awareness of Alberta in general and the major urban centres.

Montana residents perceive Alberta to be a nearby destination with beautiful scenery and a variety of outdoor opportunities. In addition to visiting friends and relatives, Alberta is a "foreign" country which offers a different variety of experiences. It is also an affordable destination in a safe, clean environment.

COMPETITION

Like Alberta, other nearby states and provinces are targeting Montana as a regional market. These include Washington, Oregon, Wyoming, Nevada, Colorado, Utah, Idaho, North Dakota, South Dakota, Nebraska, Saskatchewan, and British Columbia. In addition the state of Montana itself and local municipalities are encouraging residents to attend in-state events and attractions while the U.S.A. Tourism Marketing Council is encouraging residents to travel throughout the country.

MARKET OPPORTUNITIES

Canada and Alberta is perceived as an affordable foreign destination that is more easily accessible to the United States than other foreign destinations. New visitors can be encouraged to come to Alberta by positioning Alberta as a foreign destination and focusing on the differences in culture, historic sites, getaway trips, outdoor adventure trips, entertainment, sporting activities and skiing. A two-tiered cooperative marketing program which maintains or increases the overall awareness of Alberta as well as product-specific promotions would have the greatest effect on this market.

MARKETING ACTIVITIES

Alberta Tourism provides travel information through the toll free 1-800 telephone lines and through Travel Information Centres located at major border crossing locations. Leakage from Pacific U.S. advertising campaigns does occur.

2. CALIFORNIA - PRIMARY MARKET

BACKGROUND

California is ranked among the top economies of the world with a GDP of $660 billion (U.S.). In comparison, Canada's GDP in 1989 was $650 billion (Cdn). Continued growth is expected in selected industry sectors, tourism being one of them.

The population of California in 1991 will exceed 30 million. It is anticipated that the population will reach 33 million by the year 2000. The effective tourism market for Alberta in California (excluding Hispanics and Blacks, the poor, very elderly and lower income sectors) is estimated at approximately 18 million. In 1988 California residents had the highest income in the U.S. ($18,855 per capita), 13% of the nations income.

Since 1986, total U.S. visitation to the province has decreased, except for a slight increase during the 1988 Olympic year. Over 1.1 million Americans visited Alberta in 1989, continuing to be the largest foreign tourist market for the province. Travel from the United States to Canada is projected to be flat for 1991 due to the weak U.S. economy and increased competition. Alberta and British Columbia can expect a modest increase in U.S. visits as the northwest states have much stronger economies than the rest of the country. In 1988, 33,542 parties from California visited the National Parks. Nearly two-thirds considered the parks as their main destination.

Californians typically take their vacations during the summer months (June to September) and December. They perceive Alberta as having natural scenic and wilderness amenities, good value for the dollar, and a variety of new and different things to see and do. Awareness of Alberta, specifically of Banff and the Calgary Stampede is high.

COMPETITION

Competition for the California market is fierce. There are 51 foreign offices located in Los Angeles. Most U.S. state tourism boards (California, Washington, Oregon, Idaho, Nevada, Utah, Arizona, Montana) and several Canadian provinces ((British Columbia, Ontario) are active in the California market. The California State Tourism board is encouraging residents to vacation in-state while the U.S. Marketing Council is encouraging residents to travel throughout the United States.

Other international destinations active in California include the European countries, Asia Pacific, the Caribbean as well as Mexico, Australia and New Zealand.

TARGET MARKET SEGMENTS

Within California, Alberta Tourism is targeting adults 35-64 years with a household income of $40,000+, some college education, mobile, urban, no children or older family and with a predisposition to touring.

According to the California Market Potential Study this market can be further divided into the following groupings:

a) Younger adults with a dual household income of at least $35,000, married, with a tendency to plan their trip a year in advance. Those without children tend to fly while those with children tend to drive. Of this group, those earning in excess of $40,000 and who prefer to fly have the greatest potential for travel to Alberta.

b) Older adults, 50+ years of age who have the time, money and desire to travel during peak periods as well as the off-season. Alberta's primary appeal to this market segment is its opportunities for a scenic touring vacation and perhaps soft adventure experience. Empty nesters are the most likely to travel to Alberta while retired persons can potentially spend more time in Alberta.

c) The family segment includes married and single households with children under 18 years at home, who prefer outdoor vacations. Families are the least likely to travel to Alberta. They perceive Alberta as offering a variety of things to do but that visitors must travel to separate locations to participate in these activities.

d) Skiers, particularly those enroled in universities have also been identified as a potential market for Alberta. This group has a surplus of disposable income, as well as a desire to eat in quality restaurants and purchase fashionable attire.

MARKET OPPORTUNITIES

California's large urban population is subject to pollution, crime and congestion. Alberta can distinguish itself as a nearby, foreign vacation destination offering clean air, wide open spaces, personal safety and friendly people.

The high general awareness of Alberta must be supplemented with more detailed information on the variety and location of major tourist destinations within the province. Alberta's unique cultural and adventure activities should be promoted to the fly-drive segment as well as the touring market. To the family segment, Alberta must be positioned as a destination that offers a variety of things to do within realistic driving distances as well as a place to relax.

The Californian Asian-American segment may have potential for Alberta in the long term. This group, with an average age of 30 years, are primarily business owners with a high level of education and high household income.

MARKETING ACTIVITIES

Alberta Tourism's representative in Los Angeles provides service to the consumer and trade sectors by attending major travel events, following up direct enquiries, performing sales calls, arranging familiarization tours for the travel trade and media, and participating in consumer promotions. The province is promoted to the travel trade through the American Bus Association, the National Tour Association, and the United States Tour Operators Association. These promotional activities are supported by the "Alberta in All Her Majesty" consumer advertising campaigns for both spring/summer and winter, and editorial campaigns. California residents have access to Alberta Tourism's toll free 1-800 lines for pre-trip planning assistance and literature.

3. PACIFIC NORTHWEST - PRIMARY MARKET
(Washington, Oregon)

BACKGROUND

The states of Washington and Oregon are of interest to Alberta because of their proximity to the province and their relatively large urban populations. It is estimated that the real disposable income for the region will grow faster than the national average. The population of this region is projected to grow at a rate under the national average to the year 2000. The economy of the Pacific Northwest is expected to be less affected by the current national recession due to the strength of the aerospace and high technology industries.

Awareness of Alberta is increasing as a result of Alberta's advertising campaigns and the 1988 Winter Olympics. Those aware of Alberta perceive it as a place with outdoor adventure and winter opportunities, sightseeing and touring amenities as well as a place to get away to. The perception of Alberta as cold and snowy can inhibit consideration of the province as a travel destination.

COMPETITION

Alberta's regional competitors include the states of California, Idaho, Montana, and other nearby states. Tourism British Columbia is also very active in this marketplace. All competitors are targeting a similar market segment, offer a similar product, are within a similar driving distance and distribute product information through the same channels. The exception is Tourism British Columbia which has initiated the distribution of product information on computer diskette. In addition, Oregon and Washington are encouraging residents to vacation at home.

TARGET MARKET SEGMENTS

Alberta Tourism's target market segment in the Pacific Northwest is adults age 25-64 years with a household income of $30,000+. This group has a propensity to travel, an interest in outdoor recreation, at least a high school education, and may consist of couples, families and empty nesters. Personal vehicle is the dominant form of travel.

MARKET OPPORTUNITIES

Alberta must focus on maintaining awareness and building strong product differentiation from regional competitors. Alberta can be positioned as a four-season, nearby foreign destination offering distinctive outdoor and cultural experiences in a safe, clean and friendly environment. The variety of opportunities and attractions suitable for short or extended vacations, as well as pass-through touring trips, should be emphasized.

MARKETING ACTIVITIES

Alberta Tourism directs consumer advertising at the Washington/Oregon market through the core Pacific U.S. advertising campaigns for both spring and winter. The province is promoting to the travel trade through the American Bus Association, the National Tour Association, and the United States Tour Operators Association. Other marketing activities pursued by Alberta Tourism include media print and electronic coverage, individual and group press familiarization tours, consumer and trade shows, and pre-trip planning and literature distribution through the 1-800 toll free lines.

5. TEXAS - GROWTH MARKET

BACKGROUND

Texas is a potential tourism market for Alberta given the existing business relationships and direct air links. In recent years Texas has diversified its economy to include services and the retail trade as well as agriculture and energy.

According to the 1985 U.S. census, Texas has 5.8 million households. The population of Texas is projected to grow substantially between 1990 and 2000, making it the fourth fastest growing population in the United States.

The three market segments with the greatest potential for Alberta, namely young couples/singles, families, and empty nesters, comprise 4.0 million households or 69% of the Texas population. These segments have a household income of over $25,000 US and tend to travel long distances and for long periods of time. Colorado, California and Florida are important destinations outside of Texas. The majority of Texans vacation June through August. While Texans have a high awareness of Alberta (90%), many are unable to locate it within Canada (63%). The Texas ski and outdoor adventure markets have traditionally been strong segments for Alberta.

COMPETITION

New Mexico, Colorado, Wyoming, Montana, California, Florida, Mexico, and other destinations in Canada as well as overseas destinations are attempting to attract the Texas market. Texas has recently initiated an in-state campaign to increase awareness and interest in in-state travel. Many competing states offer vacation opportunities similar to Alberta but at a reduced distance and cost.

MARKET OPPORTUNITIES

Empty nesters are the market segment in Texas with the greatest potential for travel to Alberta. This group includes 21% of the Texas population or 1.2 million households. They are affluent and take longer vacations, averaging 11.1 nights per trip. While on vacation empty nesters look for natural beauty, natural history and mountain scenery - the elements offered in an Alberta touring vacation.

The infrastructure exists for the getaway market and the business/pleasure market, with direct air connections from Dallas/Fort Worth and Houston, and proximity to the market.

MARKETING ACTIVITIES

In 1991, Alberta Tourism will be promoting Alberta destinations and products in the Texas market (Dallas/Fort Worth and Houston) through trade and consumer shows and advertising. Consumers are able to access Alberta Tourism's toll free 1-800 number to receive pre-trip planning and literature distribution.

6. FLORIDA - GROWTH MARKET

BACKGROUND

A growing number of retired and semi-retired persons are choosing Florida as their primary residence, in keeping with the migratory trend from the northern states to the sunbelt states. The projected population figure for Florida in 1990 is 17,530,000 compared to the 1988 figure of 12,335,000. Disposable personal income will also increase.

In 1988, 5% of all United States parties visiting the Rocky Mountain National Parks were from Florida, accounting for a total of 12,855 party visits. The majority of these parties stayed in hotel/motel/lodge accommodations and travelled to Alberta during the summer. In addition to scenic touring, Alberta's downhill ski product is also of interest to Florida residents. The Miami Ski Club is the largest one in the United States.

Limited awareness of Alberta, the distance of Alberta from Florida and the number and variety of intervening opportunities (more accessible states with similar products) will affect visitation from this market.

COMPETITION

Alberta's competitors in the Florida market are the Caribbean, Europe, Mexico as well as other U.S. states. The U.S.A. Marketing Council is encouraging U.S. residents to travel throughout the United States.

MARKET OPPORTUNITIES

There is opportunity in Florida to promote Alberta as a foreign destination to long-haul touring vacationers and skiers. The Alberta Rockies offer a new ski destination with reliable snowfall. Awareness of Alberta needs to be increased among the travel trade and consumers.

MARKETING ACTIVITIES

Alberta Tourism generates awareness through media familiarization trips. The province is promoted to the travel trade through the American Bus Association, the

National Tour Association, and the United States Tour Operators Association. Residents of Florida have access to pre-trip planning and literature through the toll free 1-800 number.

7. VERTICAL MARKETS
(Washington D.C., New York, Chicago, Minneapolis/St. Paul)

MEETINGS/INCENTIVE TRAVEL

BACKGROUND

Washington D.C. is the headquarters of over 4,000 national associations. Within the greater Washington D.C. area there are 5,815 national and 4,141 regional associations. Approximately 55% of the associations have budgets in excess of $1 million U.S. and 15% have budgets in excess of $5 million U.S. Alberta is seen as an accessible, beautiful, safe, and friendly destination to host a meeting or convention, however distance is a discouraging factor. Alberta Tourism has a local representative in Washington, D.C. to raise awareness of Alberta as a meeting destination and conduct follow-up calls.

New York has the largest number of major corporate meeting and incentive travel businesses and the third largest association market. Alberta's major constraint in this market is lack of awareness of the province and its meeting product, and lack of direct air connections. Alberta Tourism has a representative working in this area.

Chicago is the second largest association market; many of these are medical associations. The Chicago area has 33% of the largest U.S. international corporations and 71 of the Fortune 500 companies. In addition there is a substantial incentive travel industry based in Chicago. The majority of incentive travel companies have conducted some type of event in Canada and are interested in Canada as a destination. Alberta Tourism has a representative in the Chicago market to promote Alberta meetings and conventions as well as incentive travel.

Minneapolis/St.Paul is the headquarters city of many incentive companies located in the United States, including Carlson Companies (Carlson Marketing Group), one of the largest travel organizations in North America. There are about 25 Fortune 500 industrial companies, 20 Fortune 500 service companies and 15 Forbes companies located in the area. The Chicago based Alberta Tourism meetings marketing representative has been targeting the incentive travel planners, followed by corporate and association travel. Alberta destinations and experiences currently being emphasized are the mountain resorts and related outdoor activities.

COMPETITION

The Canadian competition for the meetings market include Toronto, Montreal, Vancouver and Ottawa. Competing United States cities include Seattle, Salt Lake City, Denver, St. Louis and any other western U.S. cities with amenities similar to Edmonton and Calgary. Canada is the second favorite destination for U.S. corporation meetings.

LEISURE MARKETING (Chicago, New York, Minneapolis/St. Paul)

Alberta Tourism is positioning outdoor/adventure and ski products, particularly in Chicago and Minneapolis/St. Paul. The ski product has enjoyed success for several years and interest in outdoor/adventure experiences is growing. The Chicago Metropolitan Ski Council consists of 100 ski clubs representing over 45,000 skiers. There is some opportunity to piggy-back leisure travel marketing onto meetings marketing in New York. A good tour operator trade network is in place with over 500 tour wholesalers/operators in the New York area, of which fifty percent actively sell Canada. Awareness of Alberta as a leisure travel destination is low. As with meetings/incentive travel, direct air connections continue to deter interest in and travel from the U.S. northeast to Alberta.

MARKET OPPORTUNITIES

Alberta's potential in these cities is in association, corporate meetings and conventions and incentive travel markets with spin-off into business/pleasure travel. U.S. vacationers who combine pleasure with business in Canada spend 70% of their time enjoying the pleasure component of their trip. Diversification of Alberta's image will assist in increasing awareness of the province. Continued client identification and qualification along with other marketing efforts will ensure Alberta receives a portion of the $40 billion plus association meetings industry. There is also opportunity to familiarize incentive houses with Alberta's amenities such as mountain resorts, cities, outdoor activities and quality service.

There is growing awareness of and interest in Alberta's touring, outdoor/adventure and skiing opportunities. Minnesota residents have a demonstrated interest in fishing, hunting and other outdoor products.

MARKETING ACTIVITIES

Alberta Tourism in conjunction with Alberta Meetings Marketing Team will continue to research, identify and qualify clients in the associations, corporate meeting and incentive travel markets. These efforts are integrated with promotions and industry publicity. Outdoor adventure and ski products will be promoted in selected cities to the travel trade through the American Bus Association, the National Tour Association, and the United States Tour Operators Association and through consumer and trade shows. The ski product will also be promoted through consumer advertising. Alberta Tourism's toll free 1-800 line provides pre-trip planning and literature to leisure inquiries.

F. ASIA PACIFIC

HIGHLIGHTS

* The prospect for continued above-average economic growth in most Asia Pacific countries and continued growth in outbound long-haul travel from those countries should contribute to strong growth in visitation from this region in 1991.

* Growth in visitation from Japan, South Korea, Australia and Hong Kong can be expected.

* In general, Alberta is perceived as a safe, friendly destination with outstanding scenery. The cold climate, high cost of travel and lack of airline capacity tend to deter travel.

* While the mountain scenery continues to draw Asia Pacific travellers to Alberta, there is opportunity to promote alternate experiences and non-mountain destinations.

* Better access and lower airfares to the United States make the U.S. the most significant competitor to Western Canada for these markets.

* Given the low awareness levels of Canada and Alberta in Asia Pacific countries and the high cost of doing business, Alberta should form co-operative marketing consortia wherever possible under the Canada's West banner.

1. JAPAN - PRIMARY MARKET

Since World War II, Japan has experienced remarkable economic growth. Its GNP is the second largest, behind that of the United States. By the year 2000, Japan will have the highest GDP per capita in the world. This economic prosperity, along with a strong currency, has created a massive and growing travel market.

Since 1985, Japanese outbound travel has grown rapidly, encouraged by the Japanese government's "10 Million Program" to offset the balance of payment surpluses. While travel out of Japan continues to grow, the rate of increase is slightly decreasing. Japan reached a yearly total of 10 million outbound travellers in November, 1990, achieving the government's well-documented target a year early. In total, approximately 11 million

Japanese travelled overseas in 1990. By 1999, the number is expected to double again to 20 million, still representing a modest fraction of the country's population.

Airport congestion and lack of airline seats continue to restrict travel out of Japan and into Canada. The addition of larger planes and more flights to Canada in 1991 still won't meet the demand in the peak season. Up to 60% of Japanese visitors to Canada will arrive via the United States. Distance, the price of tour packages, and seasonality continue to be weaknesses for Canada. Security fears as witnessed during the Persian Gulf War are expected to depress outbound travel in 1991. The recent huge number of passenger cancellations to Europe is evidence of this.

The Japanese appear to be strongly interested in the Alberta vacation product, perceiving Alberta as a friendly, safe destination. Given Alberta's mountain scenery and "big nature" appeal to the Japanese, scenic touring is the main vacation activity. There is growing interest in other types of Alberta vacations, such as adventure tours, festivals, visiting cultural or historic sites, and skiing. As the number of Japanese repeat visitors increases, the demand for these types of experiences is expected to increase.

Japan is now Alberta's third largest foreign visitor market after the United States and the United Kingdom. In 1989, 91,200 Japanese visitors spent 1+ nights in Alberta with total expenditures of $46.8 million. It is estimated that approximately 96,700 Japanese visitors came to Alberta in 1990, up 6% over 1989. An increase of 5% in the number of visitors is projected for 1991.

COMPETITION

The major destinations of outbound Japanese travellers are: Asia (43.8%), North America (33.6%), Europe (11.7%), Oceania (10.5%), other (0.4%). The United States is the most popular long-haul vacation destination (43%) most of which was accounted for by Hawaii/Guam/Samoa (29%) as opposed to the U.S. mainland (15%). Canada was the destination selected for 5% of long-haul vacation trips, similar to Australia/New Zealand (6%) but well behind multiple-country destinations such as the Far East/Asia (32%) and Europe (15%). Canada's share of the Japanese overseas market is 4.8%.

Japan's potential as a travel market has made it the most competitive in the world. Over 70 national tourist organizations are represented in Tokyo with each trying to get its message across. Malaysia, Indonesia, Singapore, New Zealand and the United States destinations are promoting aggressively. The European airlines (British Airways/Virgin Atlantic, Air France, and Lufthansa (in addition to JAL and ANA) are

lobbying for increased flights between Japan and Europe.

TARGET MARKET SEGMENTS

1. Single Working Young People

   Upwardly mobile young adults, Japan's post-war affluent and independent generation, travel to enhance their knowledge and social status before becoming encumbered by family and work responsibilities. The young "office lady" segment is considered to be the most influential. "Office ladies" rank Canada as their second most preferred destination, and have shown great interest in the Canadian Rockies. They account for one-half of all Japanese travel to Canada preferring to take general sightseeing tours. The bachelor segment is expanding, with an increased interest in active vacations.

2. Retired Couples (the "Silver" Market)

   The "silver" market, comprising one-quarter of Japanese outbound travel, is made up of travellers over 50 years of age. This group wants slower-paced itineraries and exhibits a strong tendency to return to vacation destinations.

3. Honeymoon Couples

   Ninety-three percent of the over 700,000 couples married annually in Japan travel overseas on their honeymoon. "Honeymooners" tend to be heavy spenders, preferring "new" destinations that their colleagues, friends and family have not travelled to. This group is the major market for package tours to Alberta and British Columbia during the spring and autumn seasons, coinciding with the most popular bridal seasons. They take a variety of sightseeing tours, ski vacations and special interest tours.

4. Skiers

   Canada is the leading overseas destination for Japanese downhill skiers. An estimated 2,500 Japanese skiers visited the Banff/Lake Louise area in 1989/90. This total represents approximately one-half of the Canadian ski trips taken annually by the Japanese to avoid the congested Japanese ski resorts.

5. Students

   Student travellers constitute a small but growing market segment. The majority of students, age 15 to 20 years old, participate in homestays or study tours, often visiting alternate destinations.

6. Family Travel

   This group has recently been identified as a result of the market becoming more mature and fragmented. In the past this group has lacked both the disposable income and time necessary for travel. As real estate escalates, many consumers are unable to purchase a home. The younger generation is more interested in leisure and recreation than their parents. Therefore interest in travel for recreational and learning opportunities is expected to increase over the long term.

MARKET OPPORTUNITIES

Awareness of Alberta has increased substantially in Japan as a result of the successful Hitachi Dinoventure exhibit and activities of 1990. While the capacity to increase summer visitors is limited, there is opportunity to promote off-season and winter activities, particularly skiing. Itineraries which include non-mountain destinations should be encouraged. Marketing activities of Alberta Tourism will continue to highlight Alberta's mountain scenery and "big nature" appeal, as well as the perceived safety, friendliness, hospitality and cleanliness.

MARKETING ACTIVITIES

Alberta Tourism maintains an office in Tokyo to provide liaison between the Department and the Japanese tourism industry. Currently three staff are employed by this office. The Department will continue to gather buyer intelligence through the travel trade as well as identify high potential market segments and the best methods to reach them. Travel trade marketing as well as consumer promotions (e.g. co-operative advertising, media program) will enhance Alberta's image in the marketplace. In addition, the effectiveness of the 1990/91 trade promotions in Japan, including Dinoventure-related activities will be evaluated.

2. AUSTRALIA/NEW ZEALAND - GROWTH MARKET

BACKGROUND

Residents of Australia and New Zealand exhibit a high propensity for travel, even though outbound trips are time consuming and cover long distances. In 1988, total outbound Australian departures reached 1.7 million, 10% of the total population. Similarly, New Zealand outbound departures in 1988 totalled 700,000 - one trip for every five residents.

Although Canada's share of the outbound travel market from Australia and New Zealand has remained fairly static, Western Canada's share of the national total has been steadily increasing. Together, they comprise Alberta's second-largest source (after Japan) of Asia-Pacific visitors. In 1989, 30,000 Australians visited Alberta, an increase of 34.8% since 1986. In the same year, approximately 10,800 New Zealanders visited the province, up 50.4% since 1986. Their combined expenditure is estimated at $17.0 million. Preliminary figures for 1990 indicate that the number of visitors from Australia is up about 2% while the number of visitors from New Zealand is down approximately 7%. For 1991, a slight growth in the number of Australian visitors can be expected while fewer New Zealand visitors can be expected to the province. The average length of stay for visitors varies from 6.5 to 9.5 days. The primary purpose for visiting Canada is pleasure, recreation and vacation (34%) with an equal proportion visiting friends and relatives.

Australians and New Zealanders tend to be independent travellers with good potential for off-season trips. Outstanding scenery is particularly appealing to this market and the similarity of Canada's culture enables comfortable travelling. Besides the Canadian Rockies, they also express an interest in non-mountain attractions and destinations such as museums, festivals and agricultural tourism, as well as a variety of outdoor activities. Negative perceptions of Canada include the cold climate, costly accommodation and tours, little sightseeing and expensive airfares. Approximately 75% of all Australian visitors enter Canada via the United States.

COMPETITION

Better access and lower airfares make the United States Canada's primary competitor for this market. Other destinations competing for the Australian outbound market are Europe, Southeast Asia, the United Kingdom and to a lesser extent, New Zealand. For the New Zealand outbound market, Australia, the United States, and the United Kingdom continue to be primary destinations. However, all overseas destinations may

be facing competition from Australia itself. With its recent success in attracting inbound international tourism, Australians are becoming more curious about their own country.

TARGET MARKET SEGMENTS

Little information is available on market segmentation for Australia and New Zealand travellers. Childless couples are a potential growth segment for travel. Two subgroups, postwar baby-boom children in their late 30's and 40's, and older persons aged 50 years plus exhibit faster rates of growth than the general population. They are also the more "recession-proof" segments of the population.

Australian consumers can be segmented as follows:

1. Adventure Travel (15% of the market)

   Adventure travel is the fastest growing segment. Males between the ages of 18 and 39 years with lower to middle income earnings interested in personal challenge and excitement, dominate this group.

2. Special Purpose Market (15% of the market)

   Highly interested in the "soft adventure" experience, this segment will generally travel to a single overseas destination for an independent or VFR holiday. The vacation will involve a special interest, hobby or occupation.

3. First Time Travel (20% of the market)

   This segment is comprised mainly of males and females, age 18 - 25 years who are generally single. They travel overseas to explore and seek cultural change and well-known landmarks. They utilize low-cost fares and packages, and are more inclined to make land arrangements after arriving at the foreign destination.

4. Traditional Tour Market (15% of the market)

   Dominated by older people and retirees, particularly older single females, this traveller type is characterized as conservative and sensible. The majority of trips taken have been to "tried and traditional" European destinations.

5. Economy Market (25% of the market)

   This group, comprised of family travellers as well as the growing independent traveller, is generally budget conscious. Sightseeing and other passive pursuits are enjoyed by this segment.

MARKET OPPORTUNITIES

A higher awareness of Canada, particularly among the travel trade, as a beautiful, safe, friendly, and clean destination would encourage more travel from Australia and New Zealand. Promotion of non-mountain destinations and off-season (spring/fall) trips as well as experiences which appeal to individual travellers, e.g. fly/drive, soft adventure and skiing, would increase awareness of the variety of things to see and do. This would de-emphasize the high costs associated with travelling to Canada. There is potential to increase Alberta's market share by promoting the province as an "add-on" to a United States vacation.

MARKETING ACTIVITIES

Collection of market intelligence and other secondary research will be a high priority in order to identify high potential market segments and the best methods to reach them. Buyer intelligence will also be collected through the travel trade. Alberta will represented at Coroboree (Australia) and Canada Calls (New Zealand) in January 1992. The Department will also be working with Tourism Canada and other partners to negotiate a contract for a General Sales Agent in Australia and New Zealand.

3. SOUTH KOREA - GROWTH MARKET

South Korea is an emerging travel market. Unrestricted outbound travel was permitted for the first time in January 1989. In addition to age, restrictions on the purchase and importing of foreign goods and currencies were also eased. To improve business and government contact with South Korea, the Alberta Government recently opened an office in Seoul. This office reports to the Agent-General in Tokyo.

The easing of the age restriction between 1986 and 1989 has resulted in substantial increases in outbound travel. In 1989, 1.2 million Koreans travelled out of Korea, a 68% increase from 1988 and a 138% increase from 1987 departures.

Korean arrivals in Canada have also risen substantially, with 35,649 South Korean visitors in 1989, up 54.9% from 1988. Most travel to Canada has been for employment and business. Canada's share of the Korean outbound market in 1989 was 2.9%. The newness of this market makes forecasting visitation from South Korea very difficult in 1991 and beyond.

The largest groups of Korean travellers are males between 31 and 40 years of age. With a high per capita income, South Korean tourists tend to be big spenders, averaging US $2,100 per trip. As first time leisure travellers, Koreans are most likely to visit friends and relatives. They are also motivated by a desire for new experiences; that is, to see how other people and cultures live and to visit famous landmarks, historical and cultural places. Because of language barriers and lack of travel experience, package tours will remain the popular form of travel. Preferred trip length varies with 18% expecting to travel less than 7 days, 40% wishing to stay over 14 days, and 14% over a month. Koreans prefer to see as many places as possible with no more than 2 days in the same place.

Alberta's appeal to this market is its natural scenery, introduced to Koreans during the 1988 Calgary Winter Olympics, wide open spaces, and the opportunity to visit with resident Koreans. Canada is also generally viewed as an unpolluted, safe and friendly place to visit. Lack of airline capacity, difficulty in obtaining visas, language problems and low awareness of Canada as a destination are the most mentioned obstacles to choosing Canada as a destination.

COMPETITION

Koreans travelling out of the country for the first time tend to travel within southeast Asia, due to the similarity in culture and proximity. About 76% of the 270,333 Korean outbound travellers in the first quarter of 1989 went to Asian destinations, namely

Japan, Taiwan, Hong Kong, Thailand and Singapore, in that order. Primary destinations under consideration by Koreans are Europe (57%), continental United States (40%), then Japan and China/Peoples Republic of China (33% each).

TARGET MARKET SEGMENTS

The most promising market segments for Canadian suppliers have been identified as follows:

1. Middle to High Income, 40-65 Year-Old Couples

   Since people in this age group were allowed to travel abroad before the younger generation, a greater proportion will have travelled regionally and thus be more interested in travelling outside southeast Asia. In addition, this group is more likely to have the time and money required to travel to overseas destinations such as Canada.

2. High Income Urban Couples, 20-40 Years Old

   This group tends to travel within southeast Asia for short week-long vacations. However these destinations are becoming less appealing due to crowded conditions. Interest in natural scenery and wide open spaces is increasing, along with a tendency for a more active vacation.

3. Educational Market

   Government support for educational travel makes this segment an attractive one. The government has implemented a 5-year, $73 million program to provide school teachers with all-expenses-paid educational tours. As with student travel, this market segment offers excellent opportunity for word-of-mouth promotion.

Segmenting South Korean international travellers by their attitudes on overseas holiday travel results in the following groupings:

1. Relaxation Seekers (23% of the market)

   Individuals in this group are predominantly women (62%) and less educated. They have a low interest in the cultural "mind-broadening" aspects of travel, preferring to do nothing at all. They want to get away from the demands of work and home and to indulge in luxury.

2. Family Oriented (25% of the market)

   Men and women comprise this group in equal proportions. They are generally better educated and a little older than average. Visiting friends and relative, and being together as a family are primary reasons for travel. They also have a desire for "cultural" experiences.

3. Adventure Seekers (26% of the market)

   Young males dominate this group (57%) with the highest proportion of white collar workers. They are interested in learning new things, seeing new things, experiencing new cultures, and having fun. Members of this group are more interested in making new friends and experiencing outdoor activities.

MARKET OPPORTUNITIES

This is a new but rapidly growing market for Alberta. There is opportunity to increase awareness and sales of Alberta as a vacation destination among the Korean travel trade. Alberta's mountain scenery and "big nature" appeal" from both an aesthetic and experiential perspective should be highlighted in marketing activities. The desire of Koreans to experience different cultures and to visit multiple destinations while on vacation offers Alberta the opportunity to market itself as an "add-on" vacation to the United States. Given the lack of travel experience, language problems and desire for safe, secure travel among Koreans, any holiday aimed at this market has to be a package tour.

MARKETING ACTIVITIES

Alberta Tourism will continue to identify high potential market segments and the best methods of reaching each group. Travel trade marketing activities for 1991/92 will include a presence at the Korean Overseas Travel Fair Association (KOTFA) and destination awareness visits for the travel trade.

4. HONG KONG - GROWTH MARKET

BACKGROUND

The reversal of Hong Kong's sovereignty from the United Kingdom to China in 1997 is destabilizing its economy, as well as promoting many residents to invest and/or emigrate overseas. Hong Kong outbound departures increased 15.5% in 1989 to 1.8 million, a 98% increase since 1980.

Travel between Hong Kong and Canada is increasing. Canada's share of all outbound travellers was 7% in 1989, compared to 3.4% in 1980. In 1989, 15,000 Hong Kong residents visited Alberta. They stayed an average of 10.6 nights for a total expenditure of $8.4 million. Preliminary figures for 1990 indicate visitation is up 8% to 10% over 1989. A similar increase can be expected for 1991. Friends and relatives living in Canada are a very important factor in travel as are business trips and trips designed to support emigration decisions.

Overall, awareness of Canada as a vacation destination is low. About 5% of Hong Kong long-haul travellers indicated that Canada was a preferred destination. Lack of airline capacity and lack of city-based attractions were also cited as obstacles to travel. One-third of all trips to North America are classified as visiting friends and relatives, and 25% are classified as touring trips. Summer is the most popular time for taking a vacation. The appeal of Canada and Alberta includes its natural scenery, outdoor opportunities and safe, clean cities as well as visiting friends and relatives.

COMPETITION

Outbound Hong Kong travellers tend to frequent other Asian destinations, namely Japan and Thailand. The United States, viewed as an "action get-away" is the most popular non-Asian destination. Other destinations that compete most directly with Canada include Europe, Australia and New Zealand. Canada ranks eighth overall as a destination. In 1987, Canada's share of the Hong Kong long-haul market (i.e. travellers to destinations outside the Asia Pacific region) was 19 per cent.

TARGET MARKET SEGMENTS

There is limited information on target market segments for Hong Kong. In general, the Hong Kong market can be divided into two groups:

1) Chinese - they prefer safe, clean cities when travelling and are looking for good shopping, Chinese communities, Asian food, and night life; and

2) Expatriates - this group travels mainly for business but when travelling for pleasure likes to travel to new and exciting destinations. There is a growing segment interested in active, outdoors vacations.

Three market segments, based on product types, have been identified by Tourism Canada as having potential for Canadian tourism products. They are:

1) Outdoor Sports Travellers (48% of the market)

   This group wants to participate in outdoor sports such as hiking, climbing, fishing, golf, etc.

2) Foreign Experience Travellers (24% of the market)

   These individuals are looking for travel related benefits such as outstanding scenery, opportunities to learn new things and increase their knowledge.

3) High Roller Travellers (28% of the market)

   This group is looking for "fast track" facilities such as night life and entertainment, shopping, high quality restaurants, etc.

MARKET OPPORTUNITIES

Alberta can increase its visitation from Hong Kong by enhancing the market intelligence on market segments as well as increasing awareness of Alberta as a vacation destination among the travel trade. By increasing awareness of destination attributes, particulary the city attractions, the perception of poor cost/value ratio as a vacation destination can be dispelled. There is potential to increase Alberta as part of a North American itinerary for those travelling primarily to the United States.

MARKETING ACTIVITIES

Alberta Tourism will continue to conduct research and gather buyer intelligence through the travel trade to identify high potential market segments and the best methods to reach them. The Province will also be represented at the Intertour Expo to be held in Hong Kong in May 1991.

G. EUROPE

HIGHLIGHTS

* Moderate declines in visitation are expected from most European markets in 1991.

* In 1989, 210,600 visitors to Alberta originated from European countries, staying an average of 9.0 nights with total expenditures of $94.7 million.

* The European long haul travel segment is expected to continue to grow despite changing political and economic conditions.

* The visiting friends and relatives (VFR) market segment, particularly from the United Kingdom, Germany and The Netherlands provides Alberta with a solid base. More VFR visitors are including a pleasure component to their trip.

* There is growing interest in Alberta's ski and soft adventure opportunities.

* The United Kingdom (London) and France (Paris) are the headquarters for the majority of the 4,000 international associations in Europe.

1. UNITED KINGDOM - PRIMARY MARKET

BACKGROUND

The United Kingdom tourist market was valued at $16 billion in 1988 with a long haul market estimated at over 2 million travellers. An increase in disposable income, a decrease in the real cost of travelling and staying in long haul resorts, longer average holiday entitlement and greater media coverage of distant and exotic locations have all contributed to this growth. Outbound tourism is forecasted to grow at an above average rate of between 5.5 and 6.0 percent to the end of the century, despite the current unsettled economic conditions.

The United Kingdom is Alberta's second largest international market after the United States, with almost 100,000 visitors in 1989. U.K. visitors stayed an average of 9.4 nights with total expenditures of $42.5 million. Since 1986, the number of visitors from the United Kingdom to Alberta has grown by over 50%. Despite the majority of U.K.

business entering through Ontario, the attractiveness of western Canada is higher and appeals to more of the higher yield visitors.

The United States is currently the most popular long haul destination among U.K. travellers. It was the destination for about 47% of long haul trips taken in the past three years. Canada and the Far East/Asia are second in line, tied at 16% of trips taken. In terms of most preferred destination, Canada ranks fourth (10%) after the United States (27%), Far East/Asia (26%), and Australia/New Zealand (22%). Awareness of and interest in visiting Alberta ranks fourth after Ontario, British Columbia, and Quebec.

Canada's leading competitive advantage over other destinations is its natural scenery and outdoor opportunities. Also seen as a benefit is its cleanliness, personal safety, public transportation and interesting and friendly local people. U.K. visitors come to Alberta to visit friends and relatives or for sightseeing/touring to view Alberta's natural scenic attractions. The VFR segment is particularly strong and provides Alberta with a solid base in the United Kingdom. Those on sightseeing/touring visits are likely to be part of an all-inclusive package tour, at least on their first visit. Repeat visitors are more likely to fly to Alberta, then rent a recreational vehicle or car. This fly-and-drive segment is increasing rapidly.

While the summer season is the most popular, there is potential to expand the U.K. market in spring and fall among cost-conscious seniors. In addition, both Air Canada and Canadian Airlines are undertaking strong initiatives to promote western Canada and, in particular, Banff as a ski destination. Viewed as a medium-haul destination, Alberta is very cost competitive with European ski destinations and the travel time (air and ground) from London to the ski resort is almost equal for Alberta and Europe.

TARGET MARKET SEGMENTS

The most promising market segments for Canada have been identified as follows:

1. Culture/Nature Segment (16% of the market)

   This segment is made up primarily of older females, married or divorced/separated/widowed, who are professionals or technical operators. They have a university education and expressed an above-average interest in Canada. Pleasant scenery, sightseeing and culturally-related products appeal to this group.

2. Sports and Entertainment Segment (21% of the market)

   This segment consists of single young males who are skilled workers with less education. Outdoor/adventure products have a strong appeal for this group. Their travel activity occurs predominately during the summer.

3. Comfort and Culture Segment (19% of the market)

   This segment consists of older females who are homemakers with no children under 18 years at home. Individuals are less educated but are strongly attracted by culturally-related products such as historical or archaeological sites, museums and art galleries. They tend to purchase travel packages and prefer to travel by car.

MARKET OPPORTUNITIES

Enhanced market intelligence and increased trade and consumer awareness of Alberta will increase the Province's potential as a vacation or meeting destination. Current market share among the visiting friends and relatives segment can be maintained by encouraging an add-on touring trip. Growth market segments will be targeted with selected products; e.g., ski, soft adventure. Promotion of travel in non-summer months and to non-mountain destinations will increase the perceived variety of things to see and do, and encourage travel throughout the province and in non-peak periods.

MARKET ACTIVITIES

The Alberta Tourism representative in London, England provides service to both the consumer and trade sectors by attending major travel events, following up direct enquiries, performing direct sales calls, arranging familiarization tours for the travel trade and media, and participating in miscellaneous consumer promotions. The London travel information centre is open year round. As part of the Canada's West consortium (Tourism B.C., Alberta Tourism), Alberta will be participating in a co-operative consumer advertising initiative in the United Kingdom and in the Canada's West Marketplace held in Canada each January.

2. GERMAN-SPEAKING EUROPE - PRIMARY MARKET
(Germany, Switzerland, Austria)

BACKGROUND

West Germany has one of the world's most robust economies which is expected to experience continued solid growth in the 1990's. West Germans are the world leaders in international tourism expenditure, trips and nights spent abroad. The West German international tourism market was valued at $31 billion in 1987 with a long-haul market estimated at 4.3 million travellers. A projected growth rate of over 3.5% will allow West Germany to maintain its status as the world's largest international tourist market until the end of the century. Germans have a minimum of six weeks vacation and most take two major holidays each year.

The re-unification of Germany will have a short-term impact on short-haul travel but is not expected to affect long-haul travel. Unlike their fellow East Europeans, East Germans are leaving the Soviet bloc with relatively high levels of personal savings. Many East Germans have relatives living in Alberta and, until recently, have been denied the opportunity to visit them. It is expected that, in about five to seven years, East Germans will be travelling independently to Canada.

The Austrian international tourist market was valued at $7.3 billion in 1987. The market is expected to be rather stagnant over the next decade. However, the share dedicated to long haul travel is expected to increase.

Like Austria, Switzerland is not a member of the European Economic Community. The economy will continue to be one of the strongest in Europe, with steady growth and very low unemployment. The Swiss international tourist market was valued at $5.8 million in 1987 with the long haul market estimated to be 1.2 million tourists. The Swiss market is expected to experience below average growth over the next decade due to infrastructure limitations within Switzerland such as airport congestion.

In 1989, 400,000 visitors from German-speaking Europe visited Canada. All three countries show a slight decrease from 1988. A review of the visitation figures for the first nine months of 1990 indicate another slight decrease in number of visitors from these countries.

In 1989, 65,000 travellers from German-speaking countries visited Alberta. This includes 47,700 from West Germany, 3,100 from Austria and 13,700 from Switzerland. Their combined average length of stay was 8.7 nights with a total estimated expenditure of $31.3 million. (Germany - $22.2 million; Austria - $1.8 million;

Switzerland - $7.3 million.) The greatest number of visitors from this market originate from Germany.

This flattening trend is not unique to Canada and Alberta. Canada's share of actual travel remained flat at 7% in the 1986 and 1989 studies. Recent trends show more Germans vacation in Europe, visiting the nearby countries of Austria, France Switzerland, East Germany, Czechoslovakia, Hungry, and Poland and tend to break up the six weeks of holidays into 2 or 3 shorter vacations. However, travelling overseas is still a top priority, only timing of the trip is being delayed. Overall, Canada should not look for huge increases in inbound traffic from German-speaking Europe over the next few years.

Canada ranks fourth among West Germans as a long haul vacation destination in the past three years, behind the United States (42%), the Far East/Asia (16%), and Central/South Africa (11%). Canada (7%) is tied along with Australia/New Zealand, and The West Indies/Caribbean. As a preferred destination, Canada (6%) followed the United States (32%). In terms of interest and awareness, Alberta ranks fourth after Ontario, Quebec, and British Columbia.

Canada's and Alberta's main strengths are its outdoors opportunities including outstanding scenery, national parks and forest, and seeing wildlife in a natural setting. They also perceive Canada to be clean and safe with interesting and friendly people. Canada is perceived poorly in terms of its budget accommodation, inexpensive restaurants, and inexpensive travel in general. The relative lack of direct air flights from Germany is a key constraint. Fifty-four percent of German travellers come to Canada through United States gateway cities such as New York and Chicago. Canadian Airlines International and Lufthansa plan to increase their joint services in 1990.

Those of German decent who visit Alberta are generally of two types; those who visit friends and relatives (VFR) and the independent traveller. At present activities undertaken by the latter group include vacations such as flying to Alberta and touring the province in rented motorhomes. They appreciate Alberta's wide open spaces, natural scenery and the unspoiled beauty of the Canadian Rockies. They also show a strong interest in Alberta's western-lifestyle vacation experiences, such as guest ranches and trailrides on horseback.

There is also a substantial business travel market from Germany-speaking countries to Alberta. Many West Germans coming to Alberta's national parks combine a touring vacation with a business or meetings/convention trip.

TARGET MARKET SEGMENTS

While these market segments have been identified for West Germany, they are representative of all German-speaking counties.

1. Culture/Nature Segment (17% of the market)

   This segment consists of young (18-34 years) single students with either a high school or university education. Their income level tends to be either very high or very low. The group has an above-average interest in Canada, primarily in outdoor/adventure products supported by the promotion of various cultural groups. Budget independent travel best describes their travel style.

2. Culture and Comfort Segment (21% of the market)

   This segment is made up of retired older females who are married or divorced/separated/widowed and who prefer touring vacations; either packages or guided tours. This group has expressed an above-average interest in Canada and is looking for high-quality products, accommodation and value for money spent.

MARKET OPPORTUNITIES

Enhanced awareness of Alberta as a vacation destination to the travel trade, selected consumer groups and international associations is essential for increasing visitation from German-speaking Europe. The VFR segment of the German market has been fairly flat but can be expected to grow with increased arrivals from East Germany. Growth opportunities for Alberta in German-speaking Europe lie particularly with the independent traveller segment and for selected travel experiences such as soft adventure activities and fly/drive touring. There is also opportunity to promote Alberta's meeting/convention facilities and add-on pleasure trips. Promoting shoulder (spring/fall) travel as well as summer travel and visits to non-mountain destinations will encourage travel in non-peak periods and throughout the province. There is also an opportunity to increase awareness among associations and corporations to hold meetings and conventions in Alberta.

MARKETING ACTIVITIES

Marketing activities in German-speaking Europe are co-ordinated through the office of Alberta's Commissioner General for Trade and Tourism. This office is approaching the marketplace with emphasis on consumer shows, media fams, and wholesaler and travel agency fam tours co-sponsored by Canadian Airlines and Air Canada. The Commissioner General's office also represents the province at ITB Berlin, participates in the European Reverse Marketplace held annually in Alberta as well as the German Canada Committee which undertakes co-operative marketing initiatives targeted at the tourism trade. Quebec, Ontario, British Columbia, Alberta, Canadian Airlines, Air Canada, Lufthansa and Tourism Canada in Frankfurt are committee participants. The "Discovering Alberta" lure brochure printed in German provides detailed information on things to do and see in the province.

3. THE NETHERLANDS - GROWTH MARKET

BACKGROUND

After lagging behind the rest of Europe in economic growth for the early 1980's, the Dutch economy slowly rebounded towards the end of the decade. In 1988, the GNP was valued at $264 billion. The Dutch international tourist market was valued at $8.5 billion in 1987. The market is expected to be rather flat for the rest of the century, with annual grow rates less than 2%. However, an increase in the long haul market share is anticipated. The low inflation rate and cutback in personal income tax will increase the purchasing power of consumers. Deregulation of airlines in 1992 will make scheduled air travel more affordable, and increased competition among the travel industry competition will make overseas airline tickets and travel packages more affordable.

The Netherlands ranked fifth in Europe after the United Kingdom, Germany, France and Italy, in the number of visitors to Canada in 1989. Ontario, followed by British Columbia, Quebec and Alberta are the most frequented provinces, in that order. In 1989, 14,800 Dutch travellers visited Alberta, representing a 45% increase since 1986. Factors which encourage travel to Canada and Alberta include favourable exchange rate, increased interest among tour operators to offer more packages and greater awareness of Canada and the province as a destination. Increased competition from other long-haul destinations (e.g., the Caribbean, the number one destination) will continue to work against Canada's advantages.

The majority of people (60% of traffic to Canada), visit friends and relatives with fewer travelling for business combined with pleasure and for a touring holiday. There is a trend towards combining pleasure travel with a VFR trip. Most Dutch visitors travel independently, are very price sensitive, and value cleanliness and personal safety. The attributes that Dutch travellers find most attractive about Canada and Alberta are the beautiful scenery, uncrowded surroundings, outdoor activities, safe cities and favourable exchange rate.

MARKET OPPORTUNITIES

Awareness of Canada is high in comparison to other long-haul destinations. There is an opportunity to increase awareness of Alberta for the leisure and meetings marketing segments as well as to strengthen relationships with the travel trade. Increased competition in airfares has maintained realistic fare levels. Alberta has direct air connections to the Netherlands through KLM. The VFR segment should be

encouraged to add a pleasure component to their trip, with emphasis on wilderness and outdoor experiences as well as scenic touring.

MARKETING ACTIVITIES

The Alberta Tourism representative in London is responsible for The Netherlands. Marketing activities includes making sales calls throughout the country in December, and holding educational seminars for the trade such as the Stichting Agent Training session in February. Alberta's representative also attends selected trade shows as well as fulfils trade and consumer literature requests. Alberta Tourism also works co-operatively with the Tourism Canada office located in The Hague.

4. FRANCE - GROWTH MARKET

BACKGROUND

France's economy has been experiencing rapid growth, with its GNP valued at $1106 billion in 1988. The population of France, largely urban, is 56 million. Economic growth has been coupled with growth in the French international tourist market. In 1987 the outbound market was valued at $8.5 billion. The market is forecasted to experience average growth until 1999, with a mean growth rate of 4.0 to 4.2 percent. During this period the share of long haul travel is expected to increase.

The United States is the most popular long haul vacation destination, visited on 28% of all trips. Other mentioned vacation destinations are Central/South Africa (17%), the Far East/Asia (16%) and Canada (14%). Canada's share of French long haul vacation travel increased from 9% to 14% between 1986 and 1989. Interest and awareness of Alberta is fifth behind Quebec, Ontario, British Columbia and Newfoundland/Labrador. In 1989, 13,100 French visitors came to Alberta, an increase of 224% from 1986. This figure represents only 5% of the 242,900 French visitors who came to Canada while Quebec attracted 82%.

With the French tradition of taking one month off work during the summer, the bulk of French tourists would visit Alberta in July and August. Canada's perceived strengths among the French include the outdoors; i.e., attributes such as outstanding scenery, viewing wildlife and birds and national parks or forests. Canada is also well regarded for its personal safety, public transportation, hygiene and cleanliness. Interesting and friendly people as well as interesting native culture also represents competitive advantages. Perceived weaknesses frequently cited are lack of budget accommodation, inexpensive restaurants, and inexpensive travel in general. Travellers to Canada are more likely than average to visit national parks and forests (70%), sites commemorating important people (63%), amusement and theme parks(38%) and sporting events (27%).

France is also a prime area for meetings and convention business. Paris, for example is home to more international associations than any other European city.

TARGET MARKET SEGMENTS

1. Outdoor Segment (16% of the market)

   This segment is also known as young travellers. These consumers are single

males, 18-34 years old, who are professionals, technical operators or skilled workers. Outdoor/adventure products hold a strong appeal for this group. Their travel philosophy is budget independent travel.

2. Culture/Nature Segment (13% of the market)

   Also known as the Golden Age segment, this group consists of older females who are married or divorced/separated/widowed with no children under 18 years at home. This segment is the most likely to travel internationally, staying an average of 41 nights per trip. Sightseeing, visiting museums and exploring other cultural attractions appeals to this group along with quality product, personal safety and cleanliness. This group tends to travel in the fall or spring. Individuals travel with relatives other than the spouse or children, or with an organized group.

3. Ski Segment (N/A)

   Also known as rich travellers, this segment is considered the upper class who is looking for alternative ski vacation destinations that are less crowded, have excellent snow conditions and offer first class accommodation.

MARKET OPPORTUNITIES

The opportunity for Alberta lies in the attraction of French tourists who are already visiting Canada, the "add-on" vacation market. Selected outdoors experiences and Rocky Mountain scenery could be promoted through Quebec operators. Given the increased role of travel agents in the French market, there is opportunity to increase awareness of Alberta and selected leisure products among the travel trade. There is also opportunity to increase awareness of Alberta as a meetings/conventions destination among international associations and to follow up on qualified leads.

MARKETING ACTIVITIES

Alberta Tourism's representative in the London, England office provides service to the French leisure travel market by attending trade shows such as Atelier Canada held in Paris each December, and following up direct enquiries. Alberta Tourism co-operates with the Tourism Canada office located in Paris for leisure marketing.

5. VERTICAL MARKETS
(U.K. and central Europe)

MEETINGS/INCENTIVE TRAVEL

BACKGROUND

The U.K., particularly London, and central Europe are Alberta's largest international market for conventions, corporate meetings, and incentive travel. Paris, for example, is home to more international associations than any other European city. Other lucrative centres include Vienna, Brussels, Geneva, The Hague, and Zurich.

Globalization will have a significant impact on the international association business available to Alberta. As associations increase their international memberships, their meetings will be held in more countries to accommodate the members. As corporations headquartered in Alberta establish regional offices in foreign countries, there is more opportunity for the province to host corporate meetings. Alberta's Rocky Mountain scenery, diversity of recreation and tourist activities, and modern cities are major attractions for the incentive travel market.

MARKET OPPORTUNITIES

The U.K. and central Europe offer excellent potential for both association and incentive travel, with less emphasis on corporate meeting travel. The environment demanded by these meeting planners includes cleanliness, hospitality, safety, value, and superior accommodation and meeting facilities; amenities offered by Alberta. There is great opportunity to increase awareness of Alberta among meeting and incentive travel planners.

MARKETING ACTIVITIES

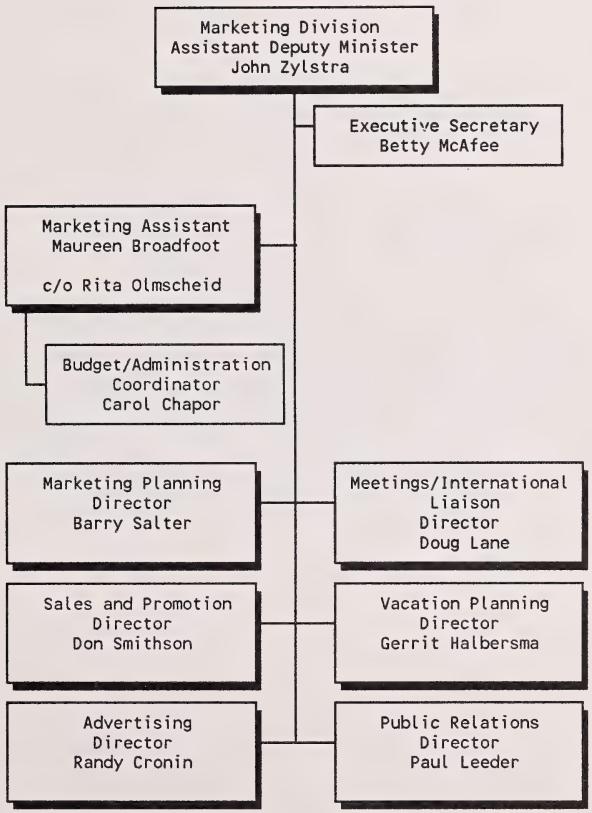
In order to develop a significant presence within this marketplace, Alberta Tourism has retained the firm, Interconference, in Geneva, Switzerland, to promote the Alberta meetings and incentive travel product to international associations and corporations. Assistance is being provided by the Canadian Consulate offices in each region and the Alberta Meetings Marketing Team (AMMT). Marketing activities include trade shows, special promotions, site visits, and sales calls. Incentive travel houses will also be targeted as they have great influence on the choice of program destination.

V. APPENDIX

APPENDIX A

ALBERTA TOURISM MARKETING DIVISION ORGANIZATION CHART

ASSISTANT DEPUTY MINISTER'S OFFICE
MARKETING DIVISION
JANUARY 1, 1991



APPENDIX B

ALBERTA TOURISM MARKETING DIVISION CONTACT LIST

ASSISTANT DEPUTY MINISTER, MARKETING DIVISION
John W. Zylstra, 422-0483

The Marketing Division of Alberta Tourism leads in the development and implementation of an integrated tourism marketing strategy for Alberta, through the positioning of the industry and its products in the global marketplace.

ADVERTISING BRANCH
Director: Randy Cronin, 427-0614

The Advertising Branch develops and executes both consumer and trade advertising programs for the U.S., overseas, and domestic markets.

MARKETING PLANNING BRANCH
Director: Barry Salter, 422-0320

The Planning and Program Development section of the Marketing Planning Branch incorporates market analysis, customer profiling, global trends, government policy and industry input to develop short-term and long-term marketing strategies for the Marketing Division of Alberta Tourism. The Joint Marketing Accord section identifies partners and gives direction to major joint marketing accords that tie into the overall marketing strategy. The Team Tourism Program provides assistance to operators for their marketing programs and is jointly administered through the Tourism Industry Association of Alberta.

MEETINGS MARKETING BRANCH
Director: Doug Lane, 427-1905

The Meetings Marketing Branch in cooperation with Alberta's tourism industry, is developing and implementing an integrated meetings marketing plan directly to associations, corporate and incentive travel markets, to increase revenue to Alberta. The International section provides liaison between Alberta Tourism's field offices and other provincial and federal government departments, particularly with respect to

contributing local marketplace intelligence into the planning process and communicating the integrated plans in each market.

PUBLIC RELATIONS BRANCH
Director: Paul Leeder, 427-0514

The Public Relations Branch coordinates major media relations programs which includes activities such as special events marketing, media familiarization tours, and the development and production of all literature, audio-visual materials and displays. The branch is divided into three units: Support Materials, Media Relations and Events Marketing.

SALES AND PROMOTIONS BRANCH
Director: Don Smithson, 427-4323

The Sales and Promotions Branch works in cooperation with the tourism industry of Alberta to undertake sales-driven promotional activities in key markets, leading to incremental sales increases.

VACATION PLANNING BRANCH:
Director: Gerrit Halbersma, 427-4327

The Vacation Planning Branch is an integral part of the tourism industry's link to the customer. This branch provides pre-trip and on-site vacation planning through Travel Information Centres located at major entry points to the province and through toll free (1-800) numbers accessible to consumers throughout North America. Literature distribution is also coordinated through this area.

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